Supreme Court, U.S.
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In the

Supreme Court of the United States

HUEY SHEN WU,

Petitioner,

v.

W. L. GORE & ASSOCIATES, INC.,

Respondent.

On Petition For A Writ of Certiorari
To The Supreme Court of Delaware

PETITION FOR A WRIT OF CERTIORARI

HUEY SHEN WU
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QUESTIONS PRESENTED

1 The Fourteenth Amendment to the United States Constitution provides, in part, that "[N]o state shall deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of laws."

The trial court's judgment seriously puts American court system at risk as petitioner was denied and deprived due process right to cross-examine two lists of materials to be enjoined at trial. Both lists were simply submitted by respondent after trial, accepted by the court without verification, and included as part of permanent injunctive order. Surprisingly, one of the lists has still been kept secret barring petitioner even to review the content. No American court system ever permitted admission of such secret *ex parte* evidence and included whole-cloth in the final order without verification. The trial court's judgment shocked the entire American legal system, if not reversed will put American court system in danger. The permanent injunction also bars petitioner from working on infinite numbers of materials that have never been created in the universe. These undiscovered materials might be very beneficial to save lives by petitioner from terrorist attack. A ban on these materials hurts public interest, especially national security. The traditional four-factor test applied by courts of equity when considering whether to award permanent injunctive relief was completely departed by the trial court. Nothing in the Trade Secret Act indicates a major departure from the long tradition of equity practice should be lightly applied.

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TABLE OF AUTHORITIES

Case:
EBay Inc. et al v. Mercexchange, L. L. C. (2005)

OPINIONS BELOW

The opinion of the court of appeals is reported in case No. 527, 2006. The opinion and order of the Chancery Court of Delaware is reported in case No. 263-N.

JURISDICTION

The judgment of the court of appeals was entered on January 22, 2007, modified on January 24, 2007.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Fourteenth Amendment to the United States Constitution provides, in part, that "No state shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; not shall any state deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

STATEMENT

Petitioner is a rare prolific inventor of certain TFE-containing polymers, specializing in chemical and biological warfare protective system for soldiers against terrorist activities. Respondent had contractual agreement with petitioner on TFE-containing polymers, which specifies non-compete for 2 years after leaving the work. In respondent's subsequent breaching contract and trade secret misappropriation suit, a settlement was reached for resolving damages but left open a trial for permanent injunctive relief sought by respondent. At trial, petitioner was denied and deprived due process right to cross-examine the lists of materials respondent seeking to be enjoined. After the trial, the lists of materials were submitted by respondent and

accepted by the trial court without verification, and included into final injunction order as factual finding. The trial court judge opinioned that the court does not know exactly what specific trade secret was misappropriated, but found that breaching of contract was valid. However, the trial court awarded respondent's motion for permanent injunctive relief with (1) 5-year term barring petitioner from working on infinite number of all TFE-containing polymers and products; (2) 10-year term barring petitioner from working on two lists of polymers which were submitted by respondent only after trial, including a secret polymer list that petitioner has never been permitted to review or cross-examine.

The 5-year term of injunction is punitive, as the scope includes infinite number of TFE-containing polymers that have never been created in this universe. Such undiscovered materials could be very beneficial to save lives especially soldier's by petitioner from terrorist attack. A ban on such materials against petitioner, a rare inventor in this field worldwide, seriously hurts public interest, especially national security. Additionally, respondent failed to prove that it has any specific trade secret at issue relating to such enormous infinite number of materials. Petitioner's contractual agreement with respondent for non-compete expired in February 2006. The court of equity abuses its discretion to award such punitive judgment.

The 10-year term of injunction on two lists of polymers is unconstitutional; as petitioner was denied to examine both lists at trial. The trial court simply excused respondent from providing and proving such lists as evidence at trial. The lists were only submitted after trial, including one secret list for attorney eyes only, barring petitioner pro se even from viewing. Both lists, including the secret list, became part of the final order. Even if petitioner could have afforded an attorney to review the list, petitioner's attorney is not permitted to disclose to petitioner what's on the list, which makes cross-examination impossible. There is no way

that the court should expect petitioner to remember what specific materials were worked on back to 17 years ago. Furthermore, petitioner's future potential employers are not permitted to review the list either, which makes potential employers highly reluctant to hire petitioner. In fact, the injunction has imposed unnecessary hardship against petitioner to obtain any employment. Unfortunately, the Supreme Court of the state of Delaware issued no opinion on the appeal, except simply excused and affirmed the trial court's judgment.

REASONS FOR GRANTING THE PETITION

A. The Court erred in departure of the traditional four-factor test applied by court of equity when considering whether to award permanent injunctive relief to a prevailing plaintiff under the Trade Secret Act.

The test requires a plaintiff to demonstrate (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. See US Supreme Court Case No. 05-130 (2005). EBay v. Mercexhange. The trial court departed completely from the test when awarding the permanent injunctive relief. In fact, the damage in this case has been settled, indicating the injury is repairable by compensation. Thus, respondent failed to meet the first two factors of the test. The trial court opinioned that the court does not know exactly what specific trade secret was misappropriated, showing respondent did not meet its burden to prove what specific trade secret at issue ties to such infinite number of materials to be banned and some of which have been even kept secret forever from

petitioner. Hence, the trial court erred in balance of hardships between plaintiff and defendant. The infinite number of materials may be very beneficial to mankind, especially in saving lives by respondent from terrorist attack. A ban on these materials seriously hurts public interest, especially national security. Nothing in the Trade Secret Act indicates a major departure from the long tradition of equity practice should be lightly applied.

B. The Court's decision barring petitioner from viewing the secret polymer list violated petitioner's due process rights as the secret polymer list constituted material alleged facts expressly relied on by the court in fashioning a remedy. In fact, the secret polymer list became part of the court's final order, thereby making it a factual finding, notwithstanding that its contents still remain secret from petitioner.

This issue presents a question of law. The US Supreme Court will review *de novo* questions of law decided by the courts. *Fiduciary Trust Co. v. Fiduciary Trust Co.*, 445 A.2d 927, 936 (Del. 1982). Despite repeated objections from petitioner, both while *pro se* and while represented by counsel, the trial court ruled that the Secret Polymer List, which respondent provided to the trial court after the conclusion of the trial, is to remain secret from petitioner. Thus, petitioner was never afforded an opportunity to rebut the contents of this vital list. Respondent listed whatever it wished without fear of rebuttal or challenge by petitioner. There can be little doubt that respondent had every incentive to make the list over inclusive. What makes this due process violation especially egregious is that the trial court expressly incorporated the Secret Polymer List into its award of injunctive relief, making the contents of the Secret Polymer List crucial factual findings in the case. Barring petitioner

from viewing its contents violated his right to due process. *See, e.g.*, U.S. CONST. amend. XIV.

There can be little doubt that due process requires that a party be permitted to examine and rebut the evidence used against it. *See, e.g., Interstate Commerce Commission v. Louisville & Nashville Railroad*, 227 U.S. 88, 93 (1913) (holding that "parties must be fully apprised of the evidence to be submitted or to be considered, and must be given opportunity to cross-examine witnesses, to inspect documents, and to offer evidence in explanation or rebuttal. In no other way can a party maintain its rights or make its defense. *United States v. Abilene & So. Ry. Co.*, 265 U.S. 274, 288-89 (1924) (holding that only evidence which opposing party has an opportunity to refute at the hearing may be relied upon as the basis of a finding). Here, petitioner never had such opportunity. Consequently, petitioner was deprived of the basic right to due process.

The basic notion that a defendant has a right to know what the plaintiff alleges against him is an ancient one. When, in the seventeenth century, Lord Coke repudiated the then common practice of plaintiffs not divulging their allegations until the first day of trial, he stated that "the defendant must have, as in Star Chamber and Chancery, the bill of charges delivered to him, or otherwise he need not answer it. See ALFRED H. KNIGHT, THE LIFE OF THE LAW 81 (1996). Here, petitioner did not receive the contents of the lists to be enjoined on the first day of trial (or at any time thereafter), falling short of even the practice that Lord Coke rejected over three centuries ago.

To justify that due process deprivation and its own reliance on the Secret Polymer List, the trial court cited a single case, *E.I. DuPont de Nemours Powder Co. v. Masland*, 244 U.S. 100 (1917). *Masland*, however, is inapposite here. *Masland* holds only that, under some circumstances, a defendant cannot disclose trade secrets to his own expert

witness. *Id. Masland* does not address whether it is ever permissible to allow a plaintiff to submit *ex parte* secret evidence to the trial court which evidence is thereafter used to prove material and pivotal facts.

In the present case, respondent should have been required to prove that petitioner indeed worked on the contents of the Secret Polymer List. The trial court simply excused respondent of that burden. *Masland* in no way supports such a gross violation of due process. Moreover, respondent was not required to prove the contents of the Secret Polymer List at trial to any extent. Incredibly, the trial court simply accepted whole-cloth respondent's post-trial submission of the Secret Polymer List and thereafter treated it as its own factual finding. The resulting unfairness to petitioner is undeniable. By way of example, let us assume hypothetically that "XYZ" polymer appears on the Secret Polymer List. Petitioner would not know of its inclusion and, in turn, he would not be able to rebut its inclusion even if he possessed convincing evidence showing that he never worked with "XYZ" polymer at respondent. Thus, it is clear that the court's whole-cloth *ex parte* acceptance of the Secret Polymer List violated Petitioner's due process rights.

After extensive research, only one example of a modern-day Western court system permits the use of secret evidence to prove elements of a plaintiff's or a prosecutor's case. Such court is the Yugoslavia war crimes tribunal (ICTY) and it allows the practice only on the grounds of exceptional circumstances (i.e., to protect a witness from likely retribution). Wall Street Journal Editorial Board, "*The Tribunals Fuss*," WALL ST. J., September 1, 2006, at A14.

The trial court's decision to allow petitioner's future employer's counsel to view the Secret Polymer List does little to obviate the unfair prejudice to petitioner. Further, even assuming *arguendo* that the Secret Polymer List had been submitted at trial, which it was not, and that defense

counsel were permitted to see it, which they were not, petitioner's defense counsel would have been unable to adequately test the veracity of the Secret Polymer List because they would have been barred from consulting with their client regarding whether he in fact worked with the specific polymers at issue. Even now, only respondent and the trial court have seen the content of the Secret Polymer List. The due process violation that occurred here is patently and abundantly clear. The use of secret evidence runs counter to the fundamental concepts of not just the American legal system but also to Western jurisprudence in general. This US Supreme Court should find that petitioner's due process rights were violated and reverse the trial court's decision permitting secret evidence.

In its earlier March 30, 2006 opinion, the trial court cites *Mathews v. Eldridge*, 424 US. 319 (1976) to support its decision to allow the Secret Polymer List to be kept secret from petitioner. That case too is inapposite because its holding that due process does not always warrant a social security evidentiary hearing is entirely different from allowing secret *ex parte* evidence. *See id.* The *Mathews* court allowed the social security board to rule based on the paper record, which apparently was equally available and subject to rebuttal by all parties.

Nothing in the Trade Secret Act indicates any secret evidence used by plaintiff against defendant could be admitted after trial. Nothing in the law of equity supports any secret list without cross-examination can be included into final order of permanent injunctive relief as factual finding. A major departure from the Constitution 14th Amendment right and long tradition of equity practice should not be lightly applied.

C. The Court committed reversible legal

error by excusing respondent from its burden to prove, by a preponderance of the evidence, that respondent has specific trade secret at issue which is connected to the secret polymer list. The trial court simply accepted the secret list whole-cloth, after the conclusion of the trial without requiring it to be subjected to the normal rigors of trial or examination.

By incorporating the Secret Polymer List, which respondent did not submit to the court until after trial, into its final order awarding injunctive relief, the trial court made factual findings without the petitioner being able to rebut the allegations at issue. Such factual findings violated Petitioner's right to procedural due process. Petitioner objected repeatedly, but unsuccessfully, to the use against him of evidence that was not offered at trial or and, which was never proven, at any point, by a preponderance of the evidence.

In sum, the trial court simply excused respondent from its burden to prove the accuracy of the contents of the Secret Polymer List. Respondent never proved the contents of the two polymer lists to be enjoined at trial or anytime after. The trial court should have required such proof by a preponderance of the evidence before that list too was wholly incorporated into the trial court's final order. At least, however, petitioner was able to see that list and permitted to respond to it. Incorporating those unproven and secret allegations into its final order was a blatant violation of petitioner's due process. Consequently, the US Supreme Court should find that the trial court erred in excusing respondent from proving all of its material allegations by a preponderance of the evidence and by denying petitioner a chance to rebut such allegations.

The trial court opinioned after trial acknowledging not knowing exactly what specific trade secret was misappropriated. It simply points out that respondent did not meet its burden to prove existence of any specific trade secret and its connection to which specific materials that respondent was seeking to be banned. Nothing in the Trade Secret Act indicates permanent injunctive relief on specific materials can be awarded without proof of specific trade secret exists and ties to what specific materials. A major departure from the long tradition of equity practice should not be lightly applied.

D. The Court committed reversible legal error in relying on the inevitable disclosure doctrine to justify an injunction that is not proven connected to the potential harm of the respondent. The trial court erred in relying on that doctrine to bar petitioner from working even with respondent's non-competitors.

For an injunction to issue in a trade secrets case, a plaintiff must establish the existence of a trade secret and that a particular injunction is necessary and reasonably tailored to protect that party's legitimate expectations with respect to that trade secret. *Microstrategy, Inc. v. Business Objects, S.A.*, 331 F.Supp.2d 396, 430-31 (E.D. Va. 2004)("An appropriate injunction in a trade secret case limits its scope to prohibiting actions involving the specific documents identified as trade secrets."); *see also, e.g., Merck & Co. Inc. v. Lyon*, 941 F.Supp. 1443, 1459 (M.D.N.C. 1996) (proper "injunction is limited to protecting specifically defined trade secrets");

6 Del. C. § 2002 provides:
(a) Actual or threatened misappropriation may be enjoined. Upon application to the court, an injunction shall be

terminated when the trade secret has ceased to exist, but the injunction may be continued for an additional reasonable period of time in order to eliminate commercial advantage that otherwise would be derived from the misappropriation.
(b) If the court determines that it would be unreasonable to prohibit future use, an injunction may condition future use upon payment of a reasonable royalty for no longer than the period of time the use could have been prohibited.

An injunction should be narrowly tailored "to remedy the specific harm alleged." *Miles, Inc. v. Cookson America, Inc.*, 1994 WL 676761 at *20 (citing *Lamb-Weston, Inc. v. McLain Foods, LTD.*, 941 F.2d 970, 974 (9th Cir. 1991)).
The trial court failed to apply this standard in this case. Instead, it excused respondent from its burden through a misapplication of the Inevitable Disclosure Doctrine. Under that doctrine, an employer may enjoin a former employee from working for a direct competitor where such employment would "inevitably" lead to the disclosure of that employer's trade secrets. *PepsiCo., Inc. v. Redmond,* 54 F.3d 1262, 1270-71 (7th Cir.1995); *Del Monte Fresh Produce Co. v. Dole Fresh Foods Co., Inc.*, 148 F.Supp.2d 1322, 1339 (S.D. Fla. 2001); *Proctor & Gamble Co. v. Stoneham*, 747 N.E.2d 268, 179 (Ohio App. 2000).

The doctrine does not excuse an employer from having to prove the existence of specific trade secrets and the reasonableness of any particular injunction to protect those trade secrets. "[W]hether under a theory of inevitable disclosure or otherwise, the party must establish more than the existence of generalized trade secrets and a competitor's employment of the party's former employee who has knowledge of trade secrets." In the present case, however, the trial court wrongly applied the Inevitable Disclosure Doctrine to excuse respondent's burden to prove the specific trade secrets at issue and the actual need for an injunction to protect them. The cases cited by the trial court in support of

its decision only highlight its error. In each of those cases, the plaintiff identified specific trade secrets and the injunction was narrowly tailored to prevent the employee from working for a direct competitor in a capacity in which those trade secrets would inevitably be disclosed. *Merck & Co., Inc. v. Lyon,* 941 F. Supp. 1443, 1460(M.D.N.C.1996) (injunction based on the inevitable disclosure should only issue when the trade secret is clearly identified and of significant value); *Miles,* 1994 WL 676761 at *10-12 (plaintiff must describe the subject matter of the trade secret with sufficient particularity to separate it from matters of general knowledge in the trade or of special knowledge of those persons who are skilled in the trade); *IDX Sys. Corp. v. Epic Sys. Corp.*, 285 F.3d581, 583-84 (7th Cir. 2002) ("unless the plaintiff engages in a serious effort to pin down the secrets, a court cannot do its job,"); *Del Monte Fresh Produce Co. v. Dole Food Co. Inc.*, 148 F. Supp.2d 1322, 1325 (S.D. Fla. 2001) (plaintiff "must describe with reasonable particularity the trade secrets at issue in this case."); *Diodes, Inc. v. Franzen*, 260 Cal. App. 2d244, 251 (2d Dist. 1968) (plaintiff must provide sufficient data concerning trade secret).

Here, unlike in those cases, the trial court banned petitioner, not from working for a direct competitor with respect to any particular trade secret, but from working with all TFE-containing polymers. There are potentially millions of TFE-containing polymers. (Trial Transcript at 598-99) The court's injunction is overly broad and completely unworkable. But more than that, as is clear on its face, the injunction is in no way tied to any specific trade secrets. As such, it is punitive in purpose and the Court of Chancery cannot properly award punitive relief. *See, e.g., Beals v. Washington, Intern.*, 386 A.2d 1156, 1159 (Del. Ch. 1978). For all of the reasons just stated, the trial court committed legal error in its application of the Inevitable Disclosure Doctrine to this case.

The trial court never made any factual finding as to the existence of specific trade secrets. Moreover, lacking any specific trade secrets on which to base its injunction, it also deprive petitioner's right to identify whether any claimed trade secret has ceased to exist at anytime during the term of injunction. As such, the US Supreme Court should reverse the trial court's decision to issue the injunction.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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(Slip Opinion) OCTOBER TERM, 2005

Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See United States v. Detroit Timber & Lumber Co., 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

EBAY INC. ET AL. v. MERCEXCHANGE, L. L. C.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

No. 05–130. Argued March 29, 2006—Decided May 15, 2006

Petitioners operate popular Internet Web sites that allow private sellers to list goods they wish to sell. Respondent sought to license its business method patent to petitioners, but no agreement was reached. In respondent's subsequent patent infringement suit, a jury found that its patent was valid, that petitioners had infringed the patent, and that damages were appropriate. However, the District Court denied respondent's motion for permanent injunctive relief. In reversing, the Federal Circuit applied its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." 401 F. 3d 1323, 1339.

Held: The traditional four-factor test applied by courts of equity when considering whether to award permanent injunctive relief to a prevailing plaintiff applies to disputes arising under the Patent Act. That test requires a plaintiff to demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance

of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. The decision to grant or deny such relief is an act of equitable discretion by the district court, reviewable on appe al for abuse of discretion. These principles apply with equal force to Patent Act disputes. "[A] major departure from the long tradition of equity practice should not be lightly implied." Weinberger v. Romero-Barcelo, 456 U. S. 305, 320. Nothing in the Act indicates such a departure. Pp. 2–6.

401 F. 3d 1323, vacated and remanded.

THOMAS, J., delivered the opinion for a unanimous Court. ROBERTS,

Syllabus

C. J., filed a concurring opinion, in which SCALIA and GINSBURG, JJ., joined. KENNEDY, J., filed a concurring opinion, in which STEVENS, SOUTER, and BREYER, JJ., joined.

NOTICE: This opinion is subject to formal revision before publication in the preliminary print of the United States Reports. Readers are requested to notify the Reporter of Decisions, Supreme Court of the United States, Washington, D. C. 20543, of any typographical or other formal errors, in order that corrections may be made before the preliminary print goes to press.

SUPREME COURT OF THE UNITED STATES

No. 05–130

EBAY INC., ET AL., PETITIONERS v.
MERCEXCHANGE, L. L. C.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE FEDERAL CIRCUIT

[May 15, 2006]

JUSTICE THOMAS delivered the opinion of the Court.

Ordinarily, a federal court considering whether to award permanent injunctive relief to a prevailing plaintiff applies the four-factor test historically employed by courts of equity. Petitioners eBay Inc. and Half.com, Inc., argue that this traditional test applies to disputes arising under the Patent Act. We agree and, accordingly, vacate the judgment of the Court of Appeals.

I.

Petitioner eBay operates a popular Internet Web site that allows private sellers to list goods they wish to sell, either through an auction or at a fixed price. Petitioner Half.com, now a wholly owned subsidiary of eBay, operates a similar Web site. Respondent MercExchange, L. L. C., holds a number of patents, including a business method patent for an electronic market designed to facilitate the sale of goods between private individuals by establishing a central authority to promote trust among participants. See U. S. Patent No. 5,845,265. MercExchange sought to license its patent to eBay and Half.com, as it had previously done with other companies, but the parties failed to reach an agreement. MercExchange subsequently filed a patent infringement suit against eBay and Half.com in the United States District Court for the Eastern District of Virginia. A jury found that MercExchange's patent was valid, that eBay and Half.com had infringed that patent, and that an award of damages was

appropriate.

Following the jury verdict, the District Court denied MercExchange's motion for permanent injunctive relief. 275 F. Supp. 2d 695 (2003). The Court of Appeals for the Federal Circuit reversed, applying its "general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances." 401 F. 3d 1323, 1339 (2005). We granted certiorari to determine the appropriateness of this general rule. 546 U. S. (2005).

II.

According to well-established principles of equity, a plaintiff seeking a permanent injunction must satisfy a four-factor test before a court may grant such relief. A plaintiff must demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. See, e.g., Weinberger v. Romero-Barcelo, 456 U. S. 305, 311–313 (1982); Amoco Production Co. v. Gambell, 480 U. S. 531, 542 (1987). The decision to grant or deny permanent injunctive relief is an act of equitable discretion by the district court, reviewable on appeal for abuse of discretion. See, e.g., Romero-Barcelo, 456 U. S., at 320.

These familiar principles apply with equal force to disputes arising under the Patent Act. As this Court has long recognized, "a major departure from the long tradition of equity practice should not be lightly implied." Ibid.; see also Amoco, supra, at 542. Nothing in the Patent Act indicates that Congress intended such a departure. To the contrary, the Patent Act expressly provides that injunctions "may" issue "in accordance with the principles of equity." 35 U. S. C. §283.

To be sure, the Patent Act also declares that "patents shall have the attributes of personal property," §261, including "the right to exclude others from making, using, offering for

sale, or selling the invention," §154(a)(1). According to the Court of Appeals, this statutory right to exclude alone justifies its general rule in favor of permanent injunctive relief. 401 F. 3d, at 1338. But the creation of a right is distinct from the provision of remedies for violations of that right. Indeed, the Patent Act itself indicates that patents shall have the attributes of personal property "[s]ubject to the provisions of this title," 35 U. S. C. §261, including, presumably, the provision that injunctive relief "may" issue only "in accordance with the principles of equity," §283.

This approach is consistent with our treatment of injunctions under the Copyright Act. Like a patent owner, a copyright holder possesses "the right to exclude others from using his property." Fox Film Corp. v. Doyal, 286 U. S. 123, 127 (1932); see also id., at 127–128 ("A copy-right, like a patent, is at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects" (internal quotation marks omitted). Like the Patent Act, the Copyright Act provides that courts "may" grant injunctive relief "on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." 17 U. S. C. §502(a). And as in our decision today, this Court has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed. See, e.g., New York Times Co. v. Tasini, 533 U. S. 483, 505 (2001) (citing Campbell v. Acuff-Rose Music, Inc., 510 U. S. 569, 578, n. 10 (1994)); Dun v. Lumbermen's Credit Assn., 209 U. S. 20, 23– 24 (1908).

Neither the District Court nor the Court of Appeals below fairly applied these traditional equitable principles in deciding respondent's motion for a permanent injunction. Although the District Court recited the traditional four-factor test, 275 F. Supp. 2d, at 711, it appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases. Most notably, it

concluded that a "plaintiff's willingness to license its patents" and "its lack of commercial activity in practicing the patents" would be sufficient to establish that the patent holder would not suffer irreparable harm if an injunction did not issue. Id., at 712. But traditional equitable principles do not permit such broad classifications. For example, some patent holders, such as university researchers or self-made inventors, might reasonably prefer to license their patents, rather than undertake efforts to secure the financing necessary to bring their works to market themselves. Such patent holders may be able to satisfy the traditional four-factor test, and we see no basis for categorically denying them the opportunity to do so. To the extent that the District Court adopted such a categorical rule, then, its analysis cannot be squared with the principles of equity adopted by Congress. The court's categorical rule is also in tension with Continental Paper Bag Co. v. Eastern Paper Bag Co., 210 U. S. 405, 422–430 (1908), which rejected the contention that a court of equity has no jurisdiction to grant injunctive relief to a patent holder who has unreasonably declined to use the patent.

In reversing the District Court, the Court of Appeals departed in the opposite direction from the four-factor test. The court articulated a "general rule," unique to patent disputes, "that a permanent injunction will issue once infringement and validity have been adjudged." 401 F. 3d, at 1338. The court further indicated that injunctions should be denied only in the "unusual" case, under "exceptional circumstances" and "'in rare instances . . . to protect the public interest.'" Id., at 1338–1339. Just as the District Court erred in its categorical denial of injunctive relief, the Court of Appeals erred in its categorical grant of such relief. Cf. Roche Products v. Bolar Pharmaceutical Co., 733 F. 2d 858, 865 (CAFed 1984) (recognizing the "considerable discretion" district courts have "in determining whether the facts of a situation require it to issue an injunction").

Because we conclude that neither court below correctly applied the traditional four-factor framework that governs the

award of injunctive relief, we vacate the judgment of the Court of Appeals, so that the District Court may apply that framework in the first instance. In doing so, we take no position on whether permanent injunctive relief should or should not issue in this particular case, or indeed in any number of other disputes arising under the Patent Act. We hold only that the decision whether to grant or deny injunctive relief rests within the equitable discretion of the district courts, and that such discretion must be exercised consistent with traditional principles of equity, in patent disputes no less than in other cases governed by such standards.

Accordingly, we vacate the judgment of the Court of Appeals, and remand for further proceedings consistent with this opinion.

It is so ordered.

ROBERTS, C. J., concurring

Supreme Court, U.S.
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APPENDIX

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IN THE SUPREME COURT OF THE STATE OF DELAWARE

Huey Shen Wu	§	No. 527, 2006
	§	
Defendant Below, Appellant,	§	Court Below: Court of Chancery
	§	the State of Delaware in and for
v.	§	New Castle County
	§	
W. L. Gore & Associates, Inc.	§	C. A. No. 263-N
	§	
Plaintiff Below, Appellee.	§	
	§	

Submitted: January 19, 2007
Decided: January 22, 2007
Modified: January 24, 2007

Before **BERGER, JACOBS** and **RIDGELY**, Justices.

ORDER

This 24th day of January 2007, upon consideration of the briefs of the parties, and their contentions in oral argument, it appears to the Court that the judgments of the Court of Chancery should be affirmed on the basis of and for the reasons set forth in its well-reasoned opinions dated March 30, 2006 and September 15, 2006.

NOW, THEREFORE, IT IS ORDERED that the judgments of the Court of Chancery are **AFFIRMED**.

BY THE COURT:

/s/ Jack B. Jacobs
Justice

IN THE COURT OF CHANCERY OF THE STATE
OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

W.L. Gore & Associates, Inc.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Civil Action No. 263-N
	)	
Huey Shen Wu, (a/k/a Ben H Wu, a/k/a Ben Wu)	)	
Meichi Wu, (a/k/a Meichi Lu)	)	
ABC Health International, Inc.,	)	
Fountain Technology, LLC, and	)	
Fulfill America, Inc.,	)	
	)	
Defendants.	)	

MEMORANDUM OPINION
Submitted: May 3, 2006
Decided: September 15, 2006

Martin S. Lessner, Esquire, Michael P. Stafford, Esquire, YOUNG CONAWAY STARGATT & TAYLOR, LLP, Wilmington, Delaware; Charles F. Knapp, Esquire, FAEGRE & BENSON, Minneapolis, Minnesota, *Attorneys for Plaintiff W. L. Gore & Associates, Inc.*

Huey-Shen Wu, Pro Se Defendant

William M. Kelleher, Esquire, BALLARD SPAHR ANDREWS & INGERSOLL, LLP, Wilmington, Delaware, Attorney for Defendant Huey-Shen Wu pursuant to a limited entry of appearance for purposes of the trial only

PARSONS, Vice Chancellor.

W.L. Gore & Associates, Inc. ("Gore") filed this case on February 18, 2004, alleging that one of its former scientists, defendant Huey Shen Wu ("Wu"), breached the contractual non-compete and confidentiality obligations he had with Gore, breached his duty of loyalty to Gore, misappropriated and conspired to misappropriate Gore trade secrets, unlawfully converted Gore property, violated the Delaware Deceptive Trade Practices Act, interfered with Gore's contracts and business relations, and engaged in a civil conspiracy to misappropriate Gore's intellectual and other property.

The parties engaged in extensive pre-trial discovery and motion practice. As a result of some of these proceedings, Wu has been and remains subject to a series of orders enjoining him from disclosing or using Gore's trade secrets and from working in a segment of the chemical industry closely related to Gore's business pending final resolution of this matter.

The Court scheduled a trial on the merits for November 2005. Shortly before the trial date, however, Wu entered into a Consent Judgment whereby he admitted all of the allegations in the Verified Complaint (the "Complaint"), and agreed to the entry of judgment against him, including an award of certain damages and injunctive relief. Among other things, the Consent Judgment permanently enjoined Wu from disclosing or using any confidential, proprietary or trade secret research, information, know-how, or material of Gore that Wu worked on or with during his employment with Gore[1]. The Consent Judgment, however, expressly left open for further proceedings whether additional injunctive relief was appropriate and, if so, the proper scope of such additional relief[2].

The additional injunctive relief referred to in the Consent Judgment would restrict Wu from engaging in

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1 Consent J. ¶ 8.

2 *Id.* ¶ 11.

certain activities for specified periods of time. The court conducted a trial on Gore's request for additional injunctive relief in November 2005. This memorandum opinion reflects the Court's post-trial findings of fact and conclusions of law on that issue.

In light of the egregiousness of Wu's misconduct, the overwhelming evidence that Wu cannot be trusted to police himself, evidence that Wu took electronic files from Gore and has not accounted to the Court's satisfaction as to the whereabouts of such files, and the ongoing harm that Wu can cause Gore if he continues to work in the same areas he worked at Gore, the Court concludes that some additional injunctive relief is warranted. Therefore, the Court will enjoin Wu (a) for a period of five years from March 1, 2006 from engaging or participating in any activity involving the research or development of, or the sale of research or development concerning, any TFE-containing polymers or products made from such polymers or the manufacture of such polymers or products; and (b) for a period of ten years from engaging or participating in any activity involving the research or development of, or the sale of research or development concerning, the polymers Gore previously identified that Wu worked on or with during his employment at Gore or products made from such polymers or the manufacture of such polymers or products. The Court denies, however, the additional injunctive relief Gore requested to prohibit Wu from working in the protective coating fabrics and fuel cell membranes industries or with such products.

I. FACTS

A. Background

1. The parties

Gore is a privately held Delaware corporation that employs approximately 7,000 associates in 45 locations around the world.[3] It researches, develops, manufactures and

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[3] Compl. ¶¶ 5-6; Tr. at 53, 90-91. Gore refers to its employees as "associates." See Tr. at 16. Citations in

sells fluoropolymer products, including selectively permeable barriers for chemical and biological agents and membranes for fuel cell separation applications.[4] Gore's proprietary technologies encompass polymers made or derived from tetrafluoroethylene (TFE), including the versatile polymer polytetrafluoroethylene (PTFE). TFE and PTFE have resulted in numerous products for electronic signal transmission, fabric laminates, and medical implants, as well as membrane, filtration, sealant, and fiber applications in diverse industries.[5]

On April 16, 1990, Wu began working for Gore as a scientist shortly after receiving his Ph.D.[6] His employment with Gore continued until he was fired in February 2004 due to circumstances that led Gore to file this suit. Before he was terminated, Wu held the position of senior scientist at Gore's Elkton, Maryland facility.[7] Wu had a very successful career at Gore, being named as an inventor on more than 20 U.S. patents and many associated foreign patents and having helped develop trade secrets used by Gore in its various Products.[8]

2. Wu's non-competition and confidentiality agreements with Gore

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the form "Tr." are to the transcript of the trial held on November 16-18, 2005. Where it is relevant and not clear from the text, the identity of the witness testifying is indicated parenthetically.

4 Compl. ¶ 5. Because Wu, in the Consent Judgment, admitted all factual allegations in the Complaint against him, many of the record citations are to the Complaint. Consent J. ¶ 7.

5 Compl. ¶ 6.

6 Compl. ¶ 12.

7 *Id.* ¶ 2.

8 *Id.* ¶ 14.

Gore spends substantial time, effort and money developing and maintaining the confidentiality of its trade secrets.[9] Accordingly, Gore only discloses its trade secrets and confidential information on a need to know basis, requires employees to sign confidentiality agreements and trains all its associates on the importance of keeping such information confidential.[10] Further, all associates that have access to Gore's confidential fluoropolymer processing information must sign additional confidentiality agreements and undertake additional obligations to Gore.

Because his job required access to highly confidential Gore trade secrets, Wu signed two different agreements. At the inception of his employment, Wu executed a standard Gore service agreement (the "Service Agreement").[11] In the Service Agreement, Wu acknowledged that "customer lists, manufacturing processes, devices, techniques, plans, methods, drawings, blueprints, reproductions, data, tables, calculations, letters or other paper work, documents and know-how of Gore . . . are secret and confidential."[12] He further agreed that if he violated the Service Agreement, Gore could obtain preliminary and permanent injunctive relief against him and an equitable accounting of all profits or benefits arising out of the violation from any court of competent jurisdiction.[13] The Service Agreement also contains a one year non-competition agreement. It provides: "Upon termination of this employment, the undersigned agrees that he will not engage in any business activity in competition with Gore for a period of one (1) year thereafter."[14]

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9 *Id.* ¶ 16.

10 *Id.* ¶¶ 16,18.

11 Compl. ¶ 19; Pl. Ex. 1.

12 Service Agreement ¶ 1.

13 *Id.* ¶ 4.

14 *Id.* ¶ 6.

In the course of his activities at Gore, Wu had access to Gore's valuable TFE technology (including PTFE technology), used specific details of PTFE processing and had the opportunity to improve or change those details. Consequently, Gore required Wu to sign a second agreement entitled "Tetrafluoroethylene Polymers Confidentiality and Non-Competition Agreement" (the "TFE Agreement").[15] Beginning in 1993, Wu signed a TFE Agreement during each year of his employment with Gore.[16]

In pertinent part the TFE Agreement provides:

> III. TRADE SECRETS, KNOW HOW, CONFIDENTIAL INFORMATION
>
> ASSOCIATE, during the course of employment with GORE, under this Agreement will have access to and become familiar with various confidential know-how and trade secrets including formulae, patterns, devices, secret inventions, processes, machines and compilations of information, records and specifications which are owned by GORE, and which are used by GORE in: manufacture, selection, purchasing and transportation of PTFE and other polymers containing TFE, the manufacturing of products from PTFE and other polymers containing TFE, dealing in products made therefrom, or research and development concerning the same. ASSOCIATE shall not disclose any GORE confidential know-how or trade secrets, directly or indirectly, nor use them in any way, either during the term of this Agreement or at any time thereafter, except in a manner authorized by GORE. All files, records, documents, drawings, specifications, equipment, and similar items

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15 Pl. Exs. 3-12.

16 The TFE Agreements Wu signed in 1994-2000 are each entitled "Polytetrafluoroethylene Confidentiality and Non-Competition Agreement." Pl. Exs. 5-11. The TFE Agreement Wu signed in 1993 is entitled "PTFE Confidentiality and Non-Competition Agreement." Pl. Ex. 12.

relating to GORE's business or research activities, whether prepared by ASSOCIATE or otherwise coming into his/her possession, shall remain the exclusive property of GORE and the ASSOCIATE agrees to safeguard their confidentiality and return them to GORE when (s)he terminates.

* * * *

V. NON-COMPETITION BY ASSOCIATE

During the term of this Agreement, ASSOCIATE shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, corporate officer, director or in any other individual or representative capacity, engage or participate in any business that is involved in the manufacture, purchasing, selecting or transportation of PTFE and other polymers containing TFE, manufacturing products from PTFE and other polymers containing TFE, dealing in products made therefrom, or conducting research and development concerning the same.

VI. RESTRICTIVE COVENANTS

In return for the consideration received by ASSOCIATE under the Agreement, ASSOCIATE agrees as part of and ancillary to this Agreement that ASSOCIATE for a reasonable period of time after the termination of his/her employment by GORE, shall not for any reason directly or indirectly, by any means or device whatsoever, for himself/herself or on behalf of, or in conjunction with any person or entity, do any one or more of the following:

(a) compete with GORE by associating himself/herself in any way with a person or entity that is involved in the manufacturing, purchasing, selecting or transportation of PTFE and other polymers containing TFE or manufacturing of products from PTFE and other polymers containing TFE or dealing in products made therefrom, or conducting research and development concerning the same.

(b) induce, entice, hire or attempt to hire or employ any ASSOCIATE of GORE for the purpose of (a).

GORE & ASSOCIATE expressly agree that "a

reasonable period of time" as used in this section shall be two (2) years.

In February 2004, Gore terminated Wu after receiving information that he had breached these agreements and misappropriated Gore trade secrets.

3. Wu's involvement in ABC Health International, Inc., Fountain Technology, LLC and Fulfill America, Inc.

The information Gore discovered included evidence that Wu and his family had formed three separate companies, ABC Health International, Inc. ("ABC"), Fulfill America, Inc. ("Fulfill") and Fountain Technology, LLC ("Fountain"), for the purpose of implementing an illicit scheme to misappropriate and convert Gore resources, know-how and confidential information and trade secrets for their own, unjust enrichment.[17] I will discuss each company and Wu's involvement in that company in turn.

ABC is a Delaware corporation with its principal place of business in Downey, California.[18] Meichi Wu (a/k/a Meichi Lu), Wu's wife, allegedly founded ABC in 1994.[19] A "Corporate Resolution" dated December 22, 1999, indicates that Wu became Chairman of ABC as of that date.[20]

Fountain is a California limited liability corporation with its principal place of business in Rosemead, California.[21] A marketing brochure found on Wu's computer describes Fountain as a "world leader in fluorinated material technologies, including PEM fuel cell membranes, protective fluorinated polymer coatings, fluorinated rubbers, fluorinated fluids, and fluorinated surfactants."[22]

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17 Compl. ¶¶ 2-3.

18 *Id.* ¶ 9.

19 *Id.* ¶¶ 8-9.

20 *Id.* Ex. D.

21 *Id.* ¶ 10.

22 *Id.* Ex. K.

Fulfill is a California corporation with its principal place of business in Rosemead, California.[23] Meichi Lu allegedly serves as its "manager"[24] and Wu serves as its registered agent and "principal investigator."[25] Wu evidently received an annual salary of almost $100,000 for his position at Fulfill during a period when he was still employed by Gore.[26]

While Wu was employed by Gore, he used ABC, Fountain and Fulfill to enter into several contracts. For example, the Army-wide Small Business Innovation Research ("SBIR") Program awarded Fulfill at least two contracts in areas in which it directly competed with Gore.[27] Both contracts list Wu as the principal investigator and contain a large amount of Gore confidential, proprietary and trade secret information.[28]

While still employed by Gore, Wu also surreptitiously drafted several joint venture "feasibility studies," which contemplate joint ventures between Fulfill and a Chinese manufacturer, Juhua Chemical Company of Quzhou, China ("Juhua"), as well as between Fountain and Juhua.[29] These

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23 Compl. ¶ 11.

24 *Id.* ¶ 8.

25 *Id.* ¶ 11; Compl. Ex. E.

26 *Id.*

27 Compl. ¶ 39. The first contract was entitled "Selectively Permeable Elastomeric Membranes for Protective Clothing." It had two phases. Phase one was awarded in January 2001 and phase two in January 2003. *Id.* ¶ 40. The Army awarded Fulfill a second contract entitled "Dual-Use Water Repellent and Anti-Chemical/Biological Agent Treatments," in January 2002. *Id.* ¶ 42.

28 *Id.* ¶¶ 40, 42, 44.

29 *Id.* ¶ 48.

studies include a substantial amount of Gore confidential information. In particular, some of this information directly relates to Wu's research work on the commercialization of fluoroionomers for fuel cell technology, which Wu was working on shortly before Gore terminated him.[30] These joint ventures planned to use Gore technology as Fountain and Fulfill's capital contribution to a business that would produce an ionomer monomer named PSFVE and polymers with TFE and PSFVE that are used as a critical membrane form component in fuel cells.[31]

After Gore became aware of Wu's activities, it found several draft patent applications on his computer that contain Gore technology.[32] These applications are for nano-emulsions of fluoro ionomers,"[33] "High Temperature Ionic Polymers and Membranes Made Therefrom"[34] and "Selectively Permeable Elastomeric Composite Materials."[35]

Wu's computer also contained several other documents that disclosed Gore trade secrets. These include a joint venture contract between Zhonghao Chenguang Research Institute of Chemical Industry ("Zhonghao") and Fountain to produce and sell "fluorinated material products, including but not limited to fluorinated rubber latex and fluorinated resin latex products and fluorinated fine chemicals including but not limited to [HFPO] [sic], fluorinated alkyl vinyl ethers and fluorinated sultones."[36] Other examples include several feasibility studies Wu prepared that relate to commercial applications for Gore

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30 *Id.*

31 *Id.* ¶ 49.

32 Compl. ¶ 53; Id. Exs. G, H, I.

33 *Id.* Ex. G.

34 *Id.* Ex. H.

35 *Id.* Ex. I.

36 Compl. ¶ 54 (internal quotations omitted).

confidential and proprietary research and knowledge.[37]

B. Procedural History

Gore commenced this action against Wu on February 18, 2004. The Complaint accuses Wu, Meichi Lu, ABC, Fountain, and Fulfill of one or more of the following: breach of contract, breach of the duty of loyalty, conversion, tortious interference with contract and business relations, misappropriation of trade secrets, violating Delaware's Uniform Deceptive Trade Practices Act ("UDTPA"), aiding and abetting and civil conspiracy.[38] The next day I issued a temporary restraining order prohibiting Wu from disclosing any confidential, proprietary or trade secret information he gained as a scientist at Gore and from competing with Gore.[39] Subsequently, on March 10, 2004, the parties stipulated to a more comprehensive preliminary injunction in lieu of proceeding to a hearing on Gore's motion for such relief. Beginning a few months later and continuing to the present time, Wu vigorously has contested the scope of the successive preliminary injunction orders, arguing that they are too broad and prevent him from obtaining employment.

Because significant time had passed since entry of the stipulated preliminary injunction, and the parties' settlement negotiations had failed, the Court treated Wu's motions to narrow the scope of the injunction as reflecting his intention to retract his prior agreement to it and heard argument on them as if Gore were seeking a preliminary injunction in the first instance. On May 5, 2005, I granted Gore's request and entered a preliminary injunction (the "Preliminary Injunction") similar in scope to the previous, stipulated

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37 See Id. ¶¶ 56-59.

38 On May 24, 2005, I ordered default judgments entered against Fountain and Fulfill for failure to appear. For similar reasons, I ordered a default judgment against ABC on November 11, 2005.

39 TRO (Feb. 19, 2004).

injunction, thereby denying, in large part, Wu's motions to amend. Paragraph 2 of the Preliminary Injunction enjoined Wu from "engaging or participating in any business activity involving the manufacturing, purchasing, selecting, transporting, selling, or research and development of TFE containing polymers and other fluoropolymers that Wu worked on or with during his employment with Gore."

Dissatisfied with the May 5 ruling, Wu moved to reargue. On November 14, 2005, I issued a letter opinion denying reargument, except as to one aspect of paragraph 2 of the Preliminary Injunction.[40] After receiving further submissions regarding the scope of the Preliminary Injunction, the Court entered another opinion on March 30, 2006, limiting the scope of paragraph 2 to specifically identified compounds Wu worked on or with at Gore.[41]

Roughly contemporaneously with my November 14, 2005 ruling, the parties entered into the Consent Judgment, including an order for permanent injunction and other relief described below.[42] As described above, the Consent Judgment left unresolved certain provisions in Gore's request for a final injunction. I held trial on those issues on November 16-18, 2005. After post-trial briefing, I heard argument in May, 2006. At the argument, I awarded damages pursuant to the default judgments against Fulfill ($516,651 in actual damages and $1,033,032 in exemplary damages) and Fountain ($793,243 in actual damages and exemplary damages of an additional $1,586,486).[43]

C. The Consent Judgment

Gore and Wu entered into the Consent Judgment on

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40 W.L. Gore & Assocs., Inc. v. Wu, 2005 WL 3111998, at *4 (Del. Ch. Nov. 14, 2005) ("Gore I").

41 W.L. Gore & Assocs., Inc. v. Wu, 2006 WL 905346, at *5 (Del. Ch. Mar. 30, 2006) ("Gore II").

42 See discussion infra Part I.C.

43 Post-trial Tr. at 13-14, 19-20.

November 14, 2005. Pursuant to the Consent Judgment this Court entered judgment against ABC, Meichi Lu and Wu as to all of the claims brought against them, and Wu admitted as true all the factual allegations in the Complaint.[44] Thus, for example, Wu has admitted that he misappropriated Gore trade secrets and sold them to the United States Army, Juhua and Chenguang.

The Consent Judgment broadly defines "Gore Technology" as:

> [C]onfidential, proprietary or trade secret research, information, know-how and/or material known or used by Gore, including without limitation, information, know-how and materials related to TFE-containing polymers and other fluoropolymers defendant Huey Shen Wu learned or used during his employment at Gore, including but not limited to: (1) confidential and proprietary information known to or used by Gore relating to starting materials, processes, equipment, manufacturing techniques, resulting characteristics, testing techniques and results, and predictive modeling methods and results for fluoropolymers; and (2) confidential and proprietary information known or used by Gore relating to the selection, processing, equipment and testing techniques for converting fluoropolymers into product form.[45]

It also contains the following provisions regarding injunctive relief against Wu:

> 8. Defendants Wu, Meichi Lu and ABC shall be and hereby are FOREVER AND PERMANENTLY ENJOINED and restrained from disclosing or using any confidential, proprietary or trade secret research,

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44 Consent J. ¶ 7.

45 *Id.* ¶ 5.

> information, know-how, and/or material of Gore, including without limitation any such research, information, know-how and materials related to TFE-containing polymers and other fluoropolymers that Wu worked on or with during his employment with Gore.
>
> * * * *
>
> 11. Additional injunctive relief, if any, regarding a prohibition on Wu engaging in or participating in any activity, either alone or in association with any other person or entity, related to polymers he worked on or with while he was employed by Gore and all TFE-containing polymers shall be determined by the Court after an evidentiary hearing to be held the week of November 14, 2005. Such relief, if any, shall be ordered as set forth in the Proposed Order pursuant to the form attached hereto.

The referenced Proposed Order specifies two categories of activities related to polymers that Wu cannot engage or participate in either alone or in association with any other person or entity, and it leaves open the time period during which Wu will be prohibited from engaging in those activities. One category relates to TFE-containing polymers; the other relates to polymers Wu worked on or with during his employment at Gore or products made from such polymers. The Proposed Order describes the proscribed activities as follows:

> [1](a) the research and/or development of, or the sale of research and/or development concerning, TFE-containing polymers or products made from such polymers; (b) the manufacture of TFE-containing polymers or products made from such polymers; and (c) the purchasing, selecting, selling, or transporting of TFE-containing polymers or products made from such polymers; and

> [2](a) the research and/or development of, or the sale of research and/or development concerning, polymers Wu worked on or with during his employment at Gore or products made from such polymers; (b) the manufacture of polymers Wu worked on or with during his employment at Gore or products made from such polymers; and (c) the purchasing, selecting, selling, or transporting of polymers Wu worked on or with during his employment at Gore, or products made from such polymers.[46]

The Consent Judgment also required Wu and his co-defendants to pay an agreed upon sum of money and, within specified time limits, to: (1) identify all patents and patent applications that have been assigned to them or filed by them or on their behalf in the last 14 years relating in any way to Gore Technology and assign those patents to Gore.[47] (2) identify each person or entity to whom they and any person or entity acting in concert with them have disclosed or provided information or documents that constitute or describe in whole or part Gore Technology and any persons acting in concert with them that have sold or otherwise provided any material or product derived or created through the use or disclosure of the Gore Technology;[48] (3) list all material goods removed from Gore facilities, the dollar value of those materials and the current whereabouts of those materials;[49] (4) gather all documents or other resources that (a) contain information about the Gore Technology or any product derived or created from the Gore Technology; or "(b) constitute material goods removed from Gore's facilities, paid for with Gore's funds; or (c) constitute funds received from third parties" for all sales that relate in any way to the

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46 Proposed Order ¶¶ 4, 5.

47 Consent J. ¶ 14.

48 *Id.* ¶ 15.

49 *Id.* ¶ 16.

Gore Technology and give those materials to Gore.[50]

In the Consent Judgment, Wu also explicitly agreed that he would in good faith and with his best efforts "cooperate with Gore and ... its counsel ... to carry out each and every provision" to which he stipulated. Despite the overwhelming evidence of his misappropriation of Gore Technology and his admission of the same, however, Wu repeatedly has refused to comply with the terms of the Consent Judgment that require him to identify the persons to whom he has disclosed Gore Technology, thereby preventing Gore from engaging in self-help to seek the return of such information. In assessing Wu's compliance with the Consent Judgment, the Court cannot ignore the staggering extent of Wu's misconduct, such as, for example, selling Gore's trade secrets to the U.S. Army and charging the Army for large amounts of his time, during a period when he was a full-time employee of Gore. When viewed in that context, the paucity of information Wu provided pursuant to his obligations under the Consent Judgment makes it highly unlikely that he has satisfied those obligations. This fact supports the need for additional and clearly defined injunctive relief.

D. Wu's Unreliability and Lack of Trustworthiness

Throughout this litigation, Wu has proven that he has no moral compass and cannot police himself or take responsibility for his actions. He has hidden evidence, destroyed evidence, manufactured evidence, testified evasively or unbelievably, and repeatedly failed to comply with this Court's Orders. Furthermore, Wu consistently has resisted legitimate discovery. Accordingly, I issued at least nine orders granting various motions to compel filed by Gore.[51] Without attempting to catalog all of Wu's actions, I will describe a few of those incidents to illustrate the

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50 *Id.* ¶ 17.

51 See Orders entered on June 7, 16, and 24, November 24, and December 22, 2004, and June 3 and 16 and July 13 and 15, 2005.

problems he has caused.

The Lost Computer

At trial Wu admitted that in March 2004, shortly after Gore filed this action, he saved certain Fulfill files from his home computer onto a diskette that he gave to his counsel at the time, Morris, Nichols, Arsht & Tunnell.[52] Wu acknowledged that he also might have copied other files from his Gore laptop computer onto his home computer, but could not Recall.[53] According to Wu, however, his home computer has gone "missing," and he has offered several conflicting explanations for what happened to it.

When initially questioned on this subject, Wu asserted his Fifth Amendment privilege against self-incrimination.[54] Then, at his deposition, Wu testified that "[w]ell, the hard drive crashed . . . . And I put it in the garage waiting for repair and it's missing."[55] He went on to testify that it "was probably stolen by Gore people because they followed me to my home and it could be stolen by them. It's trash to me, so I don't care."[56] At trial, however, Wu admitted that his deposition testimony was untrue.[57] Instead, he stated that after the computer crashed he put it in the garage, then took it to a store to determine if the computer was repairable, and after learning the store could not fix the computer, he left it there.[58]

Even if one of Wu's explanations is true, his inconsistent testimony and admitted failure to safeguard his computer after the commencement of this litigation reflect a

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52 Tr. at 426-28 (Wu).

53 Tr. at 428 (Wu).

54 Tr. at 429 (Wu).

55 Wu Dep. at 716-17; Tr. at 449-50 (Wu).

56 Wu Dep. at 716-17; Tr. at 450.

57 "Q: So if you testified in your deposition that you left the computer in your garage and it went missing, would that have been untrue? . . . A: No, it's not true." Tr. at 430-31 (Wu).

58 Tr. at 429-32, 451 (Wu).

flagrant disregard for the legal process and the Court's orders. For example, the transfer of files to Wu's home computer and its convenient disappearance all occurred after the Court issued a TRO on February 19, 2004. Paragraph 2 of that order explicitly provides:

> Pursuant to Chancery Court Rule 26(c), defendants and their officers, agent, servants, employees, attorneys, and all persons in concert or participation with them, shall not alter, conceal, transfer and/or destroy any documents, data, electronic storage media, or any other tangible or intangible material in their possession or under their control which in any manner relate to Gore's allegations in this matter, including an[y] information stored on computer or other electronic, magnetic, or optical data storage medium.

Wu's disregard for his home computer's whereabouts or transfer and abandonment of it to a repair shop, plainly violates the temporary restraining orders.

James Wang

Wu's testimony regarding an alleged consultant, James Wang, was not credible. Wu first identified Wang to Gore and the Court in May 2005. In 2004, however, Gore asked Wu in written discovery to identify all consultants and independent contractors of Fulfill; Wu replied that the company had none.[59] Yet, at trial, Wu testified that Wang did the research for Fulfill's SBIR reports.[60] When asked why he had not identified Wang in response to Gore's 2004 interrogatories, Wu replied that Wang was Wu's personal consultant and not Fulfill's consultant.[61]

Based on the evidence presented, I do not find Wu's testimony credible. Indeed, the evidence strongly suggests that Wang does not exist. According to Wu, he never reported Wang on any tax forms, communicated to him only by mail, paid him in cash, only met him three or four times at

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59 Tr. at 463-64.

60 Tr. at 461, 463 (Wu).

61 Tr. at 464.

a hotel in California, and does not know where he currently Resides.[62] When viewed as a whole, I infer from this evidence that Wang is more likely than not a figment of Wu's imagination.

Improper Transfer and Destruction of Evidence in California

Wu also failed to disclose documents and property that he had shipped to California before the litigation, and thereafter transferred those documents and property on multiple occasions in violation of the Court's Temporary Restraining Order and Preliminary Injunction Orders.[63] Again, Wu invoked the Fifth Amendment in lieu of disclosing this information, and this Court ultimately issued Orders requiring that Wu allow Gore to inspect the property.[64] After one inspection was cut short, however, Wu returned alone to the facility and ordered the destruction of the evidence.[65] The evidence was, in fact, destroyed, with the exception of two large crates containing an Autoclave reactor that had been Gore's.[66]

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62 Tr. at 461-64, 467, 488 (Wu). See also Tr. at 488 (Wu) ("Q: Can you explain how this document [referring to summary demonstrative Exhibit 3] on the left was on your laptop computer? A: I think it was a draft and Mr. James Wang did all the work for me. Q: How did that get on your computer then if you only corresponded with him by mail? A: Because I make the draft first and then mail it to him.").

63 Tr. at 452-58, 355-56; Pl. Exs. 262-65, 267, 325, 346, 352; Yu ("Kevin") Guan Dep. at 4, 6-9, 26-29; See Pl.'s Mem. in Supp. of its Mot. for J. on the Pleadings as to Def. Huey Shen Wu, or in the Alternative, For Default (Dec. 8, 2004) at 9-11.

64 See Pl. Exs. 299, 300.

65 Pines Dep. at 2-9, 11-28; K. Guan Dep. at 4, 6-9, 14-15, 19-26, 29-36, 38-39, 41, 49; Pl. Exs. 267, 267a; G. Young Dep. at 4, 10, 15-18, 28-38, 42-44.

66 *Id.*

II. ANALYSIS

A. Standard

To obtain a permanent injunction the moving party must demonstrate that: (1) it has proven actual success on the merits of its claims; (2) irreparable harm will be suffered if injunctive relief is not granted; and (3) the harm that will result if an injunction is not entered outweighs the harm that will befall the defendant if an injunction is granted.[67] In this case, by virtue of the Consent Judgment, Wu has admitted that Gore has proven actual success on the merits, and Wu is permanently enjoined from using any confidential, roprietary or trade secret research, information, know how or material of Gore.[68]

To obtain the additional injunctive relief it requests against Wu, Gore must show that: (1) a misappropriation of trade secrets is clearly established; (2) the facts surrounding the misappropriation and subsequent litigation cast serious doubts on Wu's trustworthiness or ability to police himself; or (3) the nature of the trade secrets and the business they relate to are such that their disclosure would be inevitable if Wu were allowed to resume working in that particular area of the chemical industry.[69]

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67 Nutzz.com, LLC v. Vertrue Inc., 2006 WL 2220971, at *3 (Del. Ch. July 25, 2006) (internal quotations omitted).

68 Consent J. ¶ 8.

69 See Wyeth v. Natural Biologics, Inc., No. 98-2469 (JNE/JGL), 2003 U.S. Dist. LEXIS 17713 (D. Minn. Oct. 2, 2003), aff'd, 395 F.3d 897 (8th Cir. 2005) (permanent injunction prohibiting defendant from engaging in the manufacturing of estrogen from mares' urine); Monovis, Inc. v. Aquino, 905 F. Supp. 1205 (W.D.N.Y. 1994) (permanently enjoining defendant from working in same industry as former employer); Christopher M's Hand Poured Fudge v. Hennon, 699 A.2d 1272 (Pa. Super. Ct. 1997), appeal

B. Gore's Proposed Injunction

Gore currently seeks an injunction that will restrict Wu's activities in four categories beyond the time period required by the TFE Agreement. Those categories, in general, relate to (1) polymers Wu worked on or with during his employment at Gore or products made from such polymers, (2) an "industry-specific" restriction covering (a) protective fabric coatings or membranes for apparel and (b) fuel cell membranes inclusive of the protein exchange membrane and membrane electrode assemblies technologies, and (3) any TFE-containing polymers or products made from such polymers. These categories are set forth in a proposed form of order Gore filed with its opening post-trial brief (the

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denied, 717 A.2d 1026 (Pa. 1998) (permanent injunction prohibiting defendant from manufacturing fudge); Weed Eater, Inc. v. Dowling, 562 S.W.2d 898 (Tex. Civ. App. 1978) (enjoining defendant from overseeing competitor's assembly line for producing lawn and garden products due to inevitable disclosure of trade secrets); FMC Corp. v. Varco Int'l, Inc., 677 F.2d 500 (5th Cir. 1982) (enjoining defendant from working for competitor in any capacity that would risk inevitable disclosure of trade secrets); Allis-Chalmers Mfg. Co. v. Continental Aviation & Eng'g Co., 255 F. Supp. 645 (E.D. Mich. 1966) (injunction prohibiting defendant from manufacturing or producing distributor-type fuel injection engines); American Can Co. v. Mansukhani, 814 F.2d 421 (7th Cir. 1987) (affirming grant of permanent injunction precluding defendant from producing or selling plaintiff's inks); Phillips v. Frey, 20 F.3d 623 (5th Cir. 1994) (affirming grant of permanent injunction prohibiting defendant from manufacturing or developing deer stands where defendant procured plaintiff's trade secrets under the guise of purchasing plaintiff's business).

"Proposed Injunction").[70]

The Proposed Injunction provides in pertinent part:

1. For the time period of March 1, 200671 through March 1, 2016, defendant Wu shall be ENJOINED from engaging or participating in any activity, either alone or in association with any other person or entity, involving:

(a) the research and/or development of, or the sale of research and/or development concerning, polymers Wu worked on or with during his employment at Gore or products made from such polymers; and

(b) the manufacture of polymers Wu worked on or with during his employment at Gore or products made from such polymers.

* * * *

2. For the time period of March 1, 2006 through March 1, 2016, defendant Wu shall be ENJOINED from engaging or participating in any activity, either alone or in association with any other person or entity, specifically involving the following specified industries and/or products: (1) protective fabric coatings or membranes for apparel, and (2) fuel cell membranes inclusive of the protein exchange membrane ("PEM") and membrane electrode assemblies ("MEA") technologies.

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70 The Proposed Injunction differs from the Proposed Order attached to the Consent Judgment in that, among other things, it adds the industry-specific restriction, specifies the temporal duration of the various proposed restrictions, omits language from the Proposed Order that would have proscribed "the purchasing selecting, selling, or transporting" of the polymers involved, and seeks to add a requirement that Wu meet periodically with representatives from Gore and the Court to ensure his compliance.

3. For the time period of March 1, 2006 through March 1, 2011, defendant Wu shall be ENJOINED from engaging or participating in any activity, either alone or in association with any person or entity, involving:
   (a) The research and/or development of, or the sale of research and/or development concerning, any TFE-containing polymers or products made from such polymers; and
   (b) the manufacture of TFE-containing polymers or products made from such polymers

Wu objects to each of the categories of restrictions in the Proposed Injunction. I turn now to those objections.

C. The Proposed Injunction Against Wu Working on Polymers he Worked on or with During his Employment at Gore

Wu makes several objections to Gore's proposed 10 year injunction as to polymers he worked on or with while at Gore. A list of such polymers has been submitted under seal to this Court and reviewed in camera (henceforth, the "Listed Polymers").[72] In particular, Wu asserts that: (1) because the Listed Polymers would only be viewable on an attorneys-eyes-only basis, and thus not viewable by Wu, the proposed injunction violates his procedural due process rights under

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[71] The two-year non-competition period provided for in the TFE Agreement would have expired in February 2006. The Preliminary Injunction, as last modified on April 17, 2006, has extended comparable restrictions until the present time.

[72] As explained in Gore II, the Listed Polymers are identified in two separate lists filed by Gore: "one limited to TFE containing fluoropolymers Wu worked on or with while at Gore and the other identifying other fluoropolymers Gore alleges Wu worked on or with while in their employ." 2006 WL 905346, at *3-4.

the Fourteenth Amendment of the U.S. Constitution; and (2) injunctive relief is not appropriate because (a) Gore has not established that it has any trade secrets worthy of protection; (b) if Gore has such trade secrets, they were not communicated to Wu; and (c) Gore did not prove that Wu disclosed its trade secrets.

1. Wu's due process objection

First, Wu contends that he has a constitutional right to see the Listed Polymers. Specifically, he argues that not allowing him to examine the list of those polymers violates procedural due process rights under the Fourteenth Amendment of the U.S. Constitution. Gore responds that Wu cannot make this argument because I already ruled on this issue in my March 30, 2006 opinion; therefore, the doctrine of the law of the case bars reconsideration.[73]

The law of the case is established "when a specific legal principle is applied to an issue presented by facts which remain constant throughout the subsequent course of the same litigation."[74] Thus, once a matter has been addressed in a procedurally appropriate way by a court, it is generally held to be the law of that case and will not be disturbed by that court unless compelling reasons to do so appear.[75] The law of the case doctrine is neither inflexible nor an absolute bar to reconsideration of a prior decision that is "clearly wrong, produces an injustice, or should be revisited because of changed circumstances."[76]

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73 Citing Gore II, 2006 WL 905346, at *3-4 (rejecting Wu's due process argument).

74 Kenton v. Kenton, 571 A.2d 778, 784 (Del. 1990).

75 Frank v. Carol, 457 A.2d 715, 718-19 (Del. 1983).

76 Hamilton v. State, 831 A.2d 881, 887 (Del. 2003) (two exceptions to the law of the case doctrine are: when "the previous ruling was clearly in error or there has been an important change in circumstances," or when "the equitable concern of preventing injustice" trumps the doctrine); Gannett Co. v. Kanaga, 750

In this case, Wu now makes the same argument he advanced unsuccessfully in his challenge to the scope of the preliminary injunction.[77] I find no reason to deviate from the conclusion I reached earlier. However, because Wu proceeded pro se at the time of the earlier argument, but had the benefit of counsel at trial, I briefly address the merits of his argument.

Wu contends that his due process rights have been violated as a matter of black letter law.[78] He also relies on Lord Edward Coke and an analogy to the Star Chamber in arguing that a defendant must have notice of the bill of charges against him or otherwise he need not answer it.

I find *E. I. du Pont de Nemours Powder Co. v. Masland*[79] instructive in this situation. Although not a due process case, *Masland* contains relevant facts and arguments because it was a trade secret case.[80] In *Masland*, the trial court only allowed counsel, and not any experts or the defendant, to know what plaintiff's alleged trade secrets were.[81] The defendant objected to this procedure on the grounds that it presented a conflict between a property right and his ability to defend himself in the case. He argued that if disclosure of the alleged trade secrets is forbidden to one who denies that there is a trade secret, the merits of his defense would effectively be adjudged against him before he had a chance to be heard or to prove his case.[82]

The Supreme Court upheld the lower court's decision. The court reasoned that the injunction would not prevent the defendant from directing questions to his counsel that would

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A.2d 1174, 1181 (Del. 2000).

77 See Gore II, 2006 WL 905346, at *3-4.

78 Def.'s Post-trial Br. at 14.

79 244 U.S. 100 (1917) (Holmes, J.).

80 *Id.* at 101.

81 *Id.* at 101-02.

82 Id. at 102.

bring out whatever public facts were nearest to the alleged secrets.[83] Consequently, the court said "[i]t will be understood that if, in the opinion of the trial judge, it is or should become necessary to reveal the secrets it will rest in the judge's discretion to determine whether, to whom, and under what precautions, the revelation should be made."[84]

The procedural safeguards available in this case are at least equal to those available in *Masland*, including at a minimum allowing Wu's attorney to view the Listed Polymers on an attorneys' eyes only basis. Therefore, I find no reason to alter my prior decision rejecting Wu's due process argument. On the facts of this case, I have determined that Wu cannot be given access to Gore's Listed Polymers without creating an undue risk of misappropriation of such valuable confidential information.

2. Wu's challenges to the existence and misappropriation of Gore trade secrets

Wu's argument that Gore has not established that it has any trade secrets worthy of protection also lacks merit. I previously held that the Listed Polymers Wu worked on or with at Gore, for example, constitute valuable trade secrets.[85] Moreover, through the Consent Judgment, Wu has admitted that Gore has valuable trade secrets and that he cannot be trusted. In this context, Wu's argument that Gore's trade secrets can easily be reverse engineered is unpersuasive.[86]

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83 Id. at 103.

84 Id. at 103.

85 Gore II, 2006 WL 905346, at *4.

86 Wu relies on the testimony of a Gore scientist, Dr. Jack Hegenbarth. Dr. Hegenbarth, however, only testified that it would take Gore several weeks to take a sample of PTFE made by another company and determine whether it could be used in Gore's process for making expanded PTFE, or ePTFE. Tr. at 392-94.

I also reject Wu's contention that Gore did not disclose trade secrets to him. The evidence presented at trial and reasonable inferences drawn from it and the Consent Judgment compel the conclusion that Wu's assertion that he did not come into contact with Gore trade secrets is false. Of Gore's 7,000 associates, Wu was one of approximately 20 associates who were involved on a regular basis with Gore's core technology and TFE polymerization processes.[87] Wu signed both the TFE Agreement and the Service Agreement so that he could have access to highly confidential Gore information. Wu was one of Gore's most prolific inventors and was involved in research and development efforts in each of the company's four divisions.[88] He not only created and worked on Gore's core technologies, but also collected research and development findings of others for compilation in highly confidential, internal monthly "TFE Polymerization Platform" reports.[89]

This process is quite different from completely reverse engineering a product. In fact, John Kramer, a senior research scientist at Gore, expressed skepticism about whether Gore could reverse engineer a competitor's product, stating:

> I doubt they could reverse-engineer it. There are many things about making these products that are unique and special in our processes, so – for example, we had Bluchers material. We tried to make a product that competed almost directly with Blucher's at one point in time, and we were not able to reproduce the durability, the adhesion of his beads, because we didn't know his process. So we can examine and measure the properties of something. That does not tell us how it is made. That does not allow us to completely make by reverse-engineering a product that is exactly the same. Tr. at 206-07.

87 Tr. at 102 (Kramer).

88 Tr. at 173.

89 Tr. at 58-60, 126-27, 174, 299-302; Pl.'s Exs. 62-65.

Wu also contends that injunctive relief is not appropriate because Gore did not prove that he disclosed its trade secrets. This argument, however, contradicts Wu's admissions of portions of the Complaint by virtue of the Consent Judgment. Specifically, Wu has admitted that he misappropriated Gore's trade secrets.[90] In addition, at trial, Wu admitted that the Fulfill SBIR reports contained Gore trade secrets.[91] Thus, his argument that Gore did not prove that he disclosed its trade secrets is spurious.

Furthermore, just by making these arguments, Wu raises serious doubt about whether he could be trusted to police himself and comply with the injunction in the Consent Judgment, if he were allowed to work on the development of polymers he worked on or with while at Gore or products made from them. Wu consented to a permanent injunction against his "disclosing or using any confidential, proprietary or trade secret research, information, know-how, and/or material of Gore."[92] Wu also consented to a broad definition of "Gore Technology." His current arguments contradict the Consent Judgment and suggest that without additional safeguards Wu cannot be expected to adhere to its restrictions.

3. The scope of the injunction

Having addressed Wu's general objections, I now discuss the appropriate scope of an injunction. Although Wu has agreed not to disclose Gore's trade secrets, I have concluded that, if he were to work at another company having polymer technology or products similar to Gore's, there is a significant risk that Wu would disclose Gore trade

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90 See Compl. ¶¶ 91-98.

91 "Q: What trade secrets do you think you disclosed in the Fulfill reports? A: If you combine all of them together, all of the polymers with the Geomet test results, the combination of them could be called a trade secret, yes." Tr. at 619 (Wu).

92 Consent J. ¶ 8.

secrets, notwithstanding the Consent Judgment. Other courts have issued production injunctions in similar circumstances.

In Wyeth v. Natural Biologics, Inc.,[93] the defendant misappropriated valuable trade secrets involving the production of estrogen from mares' urine. The defendant was able to reproduce Wyeth's secret process for producing estrogen only after numerous illicit contacts with one of Wyeth's former top scientists. Because the defendant gave false testimony, improperly redacted documents and "lost" or destroyed evidence in its efforts to hide its misappropriation, the court found that the defendant could not be trusted to obey a court order that allowed him to police himself in terms of his future employment and non-use of Wyeth's trade secrets.[94]

Moreover, the court in Wyeth found that even if the defendant were trustworthy, the misappropriated trade secrets were "inextricably connected" to the defendant's manufacturing processes and that he would not be able to "unlearn" or otherwise abandon the trade secrets in future production efforts.[95] For these reasons, the court issued a permanent injunction that, among other things, barred the defendant from engaging in the research and development of, or working for someone engaged in the research and development of, any process for the removal of estrogens from mares' urine.[96]

In Weed Eater, Inc. v. Dowling,[97] a former employee of the plaintiff was enjoined from working for a competitor who manufactured and developed lawn and garden products. The defendant was a former vice president of manufacturing

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93 No. 98-2469 (JNE/JGL), 2003 U.S. Dist. LEXIS 17713 (D. Minn. Oct. 2, 2003), aff'd, 395 F.3d 897 (8th Cir. 2005).

94 *Id.* at *73-74.

95 *Id.*

96 *Id.* at *74-79.

97 562 S.W.2d 898 (Tex. Civ. App. 1978).

who had designed and organized an assembly line for the production of string-line trimmers. He left the plaintiff's employment to supervise an assembly line at a company that wanted to start producing the trimmers itself, rather than buy them from Weed Eater. The court found that prohibiting the defendant from using the plaintiff's trade secrets would be insufficient because the defendant inevitably would disclose his knowledge of the trade secrets if allowed to work in the same area of production. Thus, the court prohibited the defendant from working in any capacity relating to the manufacturing of trimmers. As the court reasoned,

> Even in the best of good faith, Dowling can hardly prevent his knowledge of his former employer's confidential methods from showing up in his work. The only effective relief for Weed Eater is to restrain Dowling from working for Hawaiian Motor Company in any capacity related to the manufacture by Hawaiian Motor Company of a flexible line trimming device.[98]

As in Wyeth, Wu cannot be trusted to avoid using Gore's trade secrets. He has given evasive testimony, obstructed discovery, lost or destroyed evidence and disobeyed previous court orders. On this record, the Court has no confidence that Wu will refrain from using Gore trade secrets if he is allowed to work in areas where he will have to exercise the discretion and judgment to not use them.

Moreover, as in both Wyeth and Weed Eater, there exists a substantial likelihood of "inevitable disclosure" of Gore trade secrets if Wu is allowed to work with Listed Polymers. Wu cannot "unlearn" what he learned while working at Gore. If he is allowed to work with Listed Polymers, his extensive knowledge would almost certainly filter into his work and result in disclosure of Gore trade secret.

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98 *Id* at 902.

Further bolstering the case for a 10-year injunction is the fact that the Court does not know exactly what trade secrets Wu misappropriated or continues to have available to him. For example, he claims to have lost his computer, but as far as the Court knows he still may have the computer in his possession or otherwise subject to his control. He may have hidden other Gore documents. In addition, the evidence at trial showed that the Gore technology in issue has a lengthy shelf-life on the order of 10 years or more.[99]

Based on these factors and the egregious nature of this case, I believe it is appropriate to enter an injunction prohibiting Wu for a period of 10 years beginning March 1, 2006 and ending March 1, 2016 from working on polymers he worked on or with during his employment at Gore, namely, the Listed Polymers, or products made from such polymers.

D. The Industry Specific Injunction

The second paragraph of the Proposed Injunction would preclude Wu for 10 years from engaging in any activity specifically involving the following specified industries and/or products: (1) protective fabric coatings or membranes for apparel, and (2) fuel cell membranes inclusive of the protein exchange membrane ("PEM") and membrane electrode assemblies ("MEA") technologies.[100] Wu asserts that an industry specific ban is improper injunctive relief because it goes beyond the potential additional relief agreed to in the Consent Judgment. Gore responds that it proposed the industry-specific restriction in lieu of its original request for longer temporal restrictions and a broader scope of restricted activity (i.e., covering selling, transporting, purchasing and selecting of competitive fluoropolymers). Therefore, they contend that the Court has the inherent power to modify the Consent Judgment to permit consideration of an industry specific ban, if the modification

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99 See Tr. at 86-87, 209, 408-14.

100 Proposed Inj. ¶ 2.

would make the terms more reasonable.

A settlement agreement is construed using the principles of contract interpretation.[101] When interpreting a contract, the role of a court is to effectuate the parties' intent.[102] In doing so, the court is constrained by a combination of the parties' words and the plain meaning of those words where no special meaning is intended.[103] Clear and unambiguous language should be given its ordinary and usual meaning.[104]

> Absent some ambiguity, Delaware courts will not destroy or twist [insurance] policy language under the guise of construing it. When the language of a . . . contract is clear and unequivocal, a party will be bound by its plain meaning because creating an ambiguity where none exists could, in effect, create a new contract with rights, liabilities and duties to which the parties had not assented . . . .
>
> A contract is not rendered ambiguous simply because the parties do not agree upon its proper construction. Rather, a contract is ambiguous only when the provisions in controversy are reasonably or fairly susceptible of different interpretations or may have two or more different meanings. Ambiguity does not exist where a court can determine the meaning of a contract without any other guide than a knowledge of the simple facts on which, from the nature of language in general, its meaning depends. Courts will not torture contractual terms to impart ambiguity where ordinary meaning leaves no room for

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101 Rowe v. Rowe, 2002 WL 1271679, at *3 (Del. Ch. May 28, 2002).

102 Lorillard Tobacco Co. v. Am. Legacy Found., No. 579, 2006 LEXIS 400, at *7-8 (Del. July 17, 2006).

103 *Id.*

104 *Id.*

uncertainty. The true test is not what the parties to the contract intended it to mean, but what a reasonable person in the position of the parties would have thought it meant.[105]

In this case, the parties agreed that the Court would determine whether a limited amount of additional injunctive relief against Wu was warranted. In particular, they agreed that:

> Additional injunctive relief, if any, regarding a prohibition on Wu engaging in or participating in any activity, either alone or in association with any other person or entity, related to polymers he worked on or with while he was employed by Gore and all TFE-containing polymers shall be determined by the Court . . . . Such relief, if any, shall be ordered as set forth in the Proposed Order pursuant to the form attached hereto.[106]

The Proposed Order contains only two categories of additional restrictions: one that relates to all TFE-containing polymers and another that relates to all polymers Wu worked on or with during his employment at Gore. At trial and in its post-trial briefing and argument, Gore has sought to impose a further, industry specific ban against Wu that relates to protective fabric coatings or membranes for apparel and fuel cell membranes. I do not believe that the parties envisioned the Court granting Gore this type of relief when they agreed to settle all issues except the possibility of additional injunctive relief relating to polymers Wu worked on or with and TFE-containing polymers.

Gore effectively acknowledged this fact at argument and stated that it offered this new provision as a compromise.[107] Had Gore desired to reach a "compromise" along these lines they should have included it in the settlement agreement and Consent Judgment they negotiated

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105 *Id.* (internal quotations omitted).

106 Consent J. ¶ 11 (emphasis added).

107 Post-trial Tr. at 39.

with Wu in November 2005. They did not do so. Thus, Gore essentially asks this Court to re-write or modify the terms of the Consent Judgment to effectuate their suggested compromise. The facts of this case do not support such relief.

While the Court has equitable powers to make incidental modifications to a settlement agreement, the Court will not rewrite a settlement agreement in a way that substantially modifies the understanding negotiated between the parties.[108] In my opinion, Gore's industry specific injunction substantially modifies the contract. Furthermore, even if the Court did have discretion to alter the parties' agreement, the facts here do not warrant such a modification. Up until the time of trial, the focus of the parties' dispute was on the Listed Polymers and TFE-containing polymers. Broadening the focus of possible injunctive relief to include the protective fabric coatings and fuel cell industries, therefore, would raise a number of new factual issues as to which Wu did not receive fair notice. Hence, entertaining these additional categories of requested relief at this late stage of the proceeding would be unduly prejudicial to Wu. Consequently, I reject Gore's request for an injunction barring Wu from working in certain specific industries for a period of years because it exceeds what the parties agreed to in the Consent Judgment. This does not mean, however, that Wu has unfettered license to engage in activities related to fuel cells and fabrics. Wu remains subject to several substantial restrictions on his activities as they relate to Listed Polymers and TFE-containing polymers or products made from such polymers. In addition, he may not disclose or use any of Gore's trade secrets.

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108 In re ML-Lee Acquisition Fund II, 1999 WL 184135, at *2 (D. Del. Mar. 23, 1999). See also Matter of ENSTAR Corp., 604 A.2d 404, 414 (Del. 1992) (In a statutory appraisal action the Court of Chancery was not authorized to substantially modify the parties' settlement agreement in the guise of imposing "just terms" as a condition of its approval.).

E. TFE-Containing Polymers

Finally, Gore seeks a 5-year injunction prohibiting Wu from working in the research and development of any TFE-containing polymers. Specifically, for the period beginning March 1, 2006 through March 1, 2011, Gore asks that Wu be enjoined

> from engaging or participating in any activity, either alone or in association with any other person or entity, involving: (a) the research and/or development of, or the sale of research and/or development concerning, any TFE-containing polymers or products made from such polymers; and (b) the manufacture of TFE-containing polymers or products made from such polymers.

Most of Wu's objections to this aspect of the Proposed Injunction mirror his objections to the 10-year injunction as to the Listed Polymers and are equally lacking in merit. This restriction, however, is broader in scope because it prohibits Wu from working with any TFE-containing polymers, regardless of whether he actually worked on or with them at Gore. Nevertheless, I believe this injunction is reasonable in scope because of Wu's lack of trustworthiness and the serious risk of inevitable disclosure of Gore's trade secrets.

A court may limit a defendant from working in a particular field if his doing so poses a substantial risk of the inevitable disclosure of trade secrets.[109] In Allis-Chalmers,

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[109] Wyeth v. Natural Biologics, Inc., No. 98-2469 (JNE/JGL), 2003 U.S. Dist. LEXIS 17713 (D. Minn. Oct. 2, 2003), aff'd, 395 F.3d 897 (8th Cir. 2005); Monovis, Inc. v. Aquino, 905 F. Supp. 1205 (W.D.N.Y. 1994); Christopher M's Hand Poured Fudge v. Hennon, 699 A.2d 1272 (Pa. Super. Ct. 1997), appeal denied, 717 A.2d 1026 (Pa. 1998); Weed Eater, Inc. v. Dowling, 562 S.W.2d 898 (Tex. Civ. App. 1978); FMC Corp. v. Varco Int'l, Inc., 677 F.2d 500 (5th Cir. 1982); Allis-Chalmers Mfg. Co. v. Continental Aviation & Eng'g Co., 255 F. Supp. 645

the defendant employee was the former head of the fuel systems laboratory at Allis-Chalmers. While employed with the plaintiff, he had been intimately involved in the development of a distributor-type fuel injection pump that was exceptionally difficult to produce.[110] A competitor seeking to develop a similar type of pump ultimately hired the defendant. The court recognized the tension between the right of an employee to change his employment for any reason he wishes and to utilize his general skills and knowledge to his advantage, versus the right of an employer to protect information gained through its research and its expenditures of time and money.[111] The court enjoined the defendant from working in any capacity at the competitor involving the manufacture and production of distributor-type fuel injection pumps. The court found that there was a "an inevitable and imminent danger of disclosure of Allis-Chalmers trade secrets to [competitor] and use of these trade secrets by [competitor]."[112] The court further noted that:

> [t]he virtual impossibility of [defendant] performing all of his prospective duties for [competitor] to the best of his ability, without in effect giving it the benefit of Allis-Chalmer's confidential information, makes a simple injunction against disclosure and use of this information inadequate.[113]

The court in Christopher M's Hand Poured Fudge v. Hennon applied a similar rationale.[114] In Christopher M's, a former trusted employee misappropriated, among other things, a valuable, trade secret fudge recipe and used it in his own competing business. The parties had not entered into a confidentiality or non-competition agreement; nonetheless,

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(E.D. Mich. 1966).

110 Allis-Chalmers, 255 F. Supp. at 650.

111 *Id.* at 652-53.

112 *Id.* at 654.

113 *Id.*

114 699 A.2d 1272 (Pa. Super. Ct. 1997), appeal denied, 717 A.2d 1026 (Pa. 1998).

the court held that the defendant had a duty not to reveal or misappropriate the recipe. The court reasoned that the employment relationship, and the confidentiality with which the recipe was held, created a duty in the employee to not disclose or misappropriate the recipe even in the absence of an explicit agreement.[115] Because the defendant had no prior fudge-making experience, and because he had misappropriated the plaintiff's trade secrets, the court found that there was an "inextricable connection" between the stolen trade secrets and the defendant's manufacturing of fudge.[116] Therefore, the court upheld the trial court's granting of a permanent injunction prohibiting the defendant from engaging in the manufacturing of any fudge.

As in Allis-Chalmers and Christopher M's, Wu's general knowledge of TFE-containing polymers is substantially derived from his former employment at Gore. The evidence also demonstrates that Wu misappropriated valuable trade secrets and may still have unauthorized access to some confidential Gore Technology. Because much of the stolen trade secrets and confidential information involves TFE-containing polymers, it would be very difficult, even assuming good faith, for him to not reveal Gore trade secrets if he were allowed to work with such polymers. Moreover, for the reasons stated in this opinion, good faith cannot be assumed in this case. Based on that fact, Wu's lack of trustworthiness and the likelihood of inevitable disclosure of Gore trade secrets, the court finds that a 5-year injunction prohibiting Wu from working with TFE-containing polymers is appropriate under the circumstances here.

III. CONCLUSION

For the reasons stated the Court grants in part and denies in part Gore's request for additional injunctive relief. In particular, the Court grants the additional injunctive relief set forth in paragraphs 1 and 3 of Gore's Proposed Injunction and denies the relief sought in paragraph 2 thereof. As to paragraph 1, the injunction will be limited to the Listed

Polymers previously identified to the Court.[117] In that regard, the Court notes that all proceedings to date in this action have focused on fluoropolymers and TFE-containing fluoropolymers. I understand that the Listed Polymers all fall within those categories. The Proposed Order and the later Proposed Injunction, however, refer to "polymers" that Wu worked on or with during his employment at Gore and "TFE-containing polymers." Although this language may be intended to encompass more than the Listed Polymers, Gore did not present any evidence or argument explaining the extent of the difference, if any, either in the abstract or in terms of how it will affect Wu. Accordingly, I am not prepared to approve paragraph 1 of the Proposed Injunction to an extent that would go beyond the Listed Polymers on the present record.

Lastly, the Court considers the requirement for periodic meetings specified in paragraph 5 of the Proposed Injunction to be unduly burdensome and intrusive. For those reasons and because the Proposed Order attached to the Consent Judgment did not include such a requirement, I deny that aspect of Gore's requested relief.

Gore's counsel shall prepare and file promptly a revised final order for additional injunctive relief consistent with this opinion.

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117 The portion of paragraph 1 of the Proposed Injunction relating to the submission of a list of polymers Wu worked on or with while at Gore is therefore unnecessary. Consistent with the Proposed Injunction, however, the Listed Polymers shall be for "Attorney's Eyes Only" and handled as provided in paragraph 1, except that the "penalty of contempt" language should be stricken and replaced with a requirement that attorneys having access to the Listed Polymers agree to submit to the jurisdiction of this Court for purposes of enforcement of their undertaking of confidentiality.